

Senate Engrossed House Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 164

HOUSE BILL 2370

AN ACT

AMENDING SECTION 20-1251, ARIZONA REVISED STATUTES; AMENDING TITLE 20, CHAPTER 6, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-1256; RELATING TO GROUP LIFE INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 20-1251, Arizona Revised Statutes, is amended to
3 read:

4 20-1251. Requirements for group contracts

5 A. No life insurance policy shall be delivered in this state insuring
6 the lives of more than one individual unless to one of the groups as provided
7 for in section 20-1251.01 and sections 20-1252 through 20-1255 20-1256 and
8 unless in compliance with the other applicable provisions of those sections.

9 B. Subsection A of this section shall not apply to life insurance
10 policies:

11 1. Insuring only individuals related by marriage, blood or legal
12 adoption.

13 2. Insuring only individuals having a common interest through
14 ownership of a business enterprise, or a substantial legal interest or equity
15 therein, and who are actively engaged in the management thereof.

16 3. Insuring only individuals otherwise having an insurable interest
17 in each other's lives.

18 C. Nothing in this article validates any charge or practice illegal
19 under any rule of law or regulation governing usury, consumer lender loans,
20 retail installment sales or the like, or extends the application of any such
21 rule of law or regulation to any transaction not otherwise subject thereto.

22 Sec. 2. Title 20, chapter 6, article 2, Arizona Revised Statutes, is
23 amended by adding section 20-1256, to read:

24 20-1256. Association groups

25 THE LIVES OF A GROUP OF INDIVIDUALS MAY BE INSURED UNDER A POLICY
26 ISSUED TO AN ASSOCIATION, OR TO A TRUST OR TO THE TRUSTEE OF A FUND
27 ESTABLISHED, CREATED OR MAINTAINED FOR THE BENEFIT OF ONE OR MORE
28 ASSOCIATIONS. THE ASSOCIATION, TRUST OR TRUSTEE SHALL BE DEEMED THE
29 POLICYHOLDER, TO INSURE MEMBERS OF THE ASSOCIATION OR ASSOCIATIONS, EMPLOYEES
30 OF THE ASSOCIATION OR ASSOCIATIONS AND EMPLOYEES OF MEMBERS OF THE
31 ASSOCIATION OR ASSOCIATIONS FOR THE BENEFIT OF PERSONS OTHER THAN THE
32 ASSOCIATION OR ASSOCIATIONS OR ANY OF ITS OFFICIALS, REPRESENTATIVES OR
33 AGENTS, SUBJECT TO THE FOLLOWING REQUIREMENTS:

34 1. THE ASSOCIATION OR ASSOCIATIONS MUST HAVE A CONSTITUTION AND BYLAWS
35 AND MUST BE ORGANIZED AND MAINTAINED IN GOOD FAITH FOR A PURPOSE OTHER THAN
36 OBTAINING INSURANCE.

37 2. THE POLICY MUST COVER AT LEAST TWO PERSONS AT THE DATE OF ISSUE.

38 3. THE POLICY MAY PROVIDE THAT THE TERM "EMPLOYEES" SHALL INCLUDE
39 RETIRED EMPLOYEES.

~~APPROVED BY THE GOVERNOR APRIL 26, 2004.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 26, 2004.~~